

1939

**EIGHTY-SIXTH
ANNUAL REPORT**

**OF THE
BOARD OF DIRECTORS**

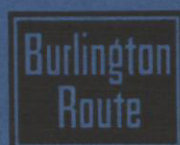
**OF THE
CHICAGO, BURLINGTON & QUINCY
RAILROAD COMPANY**

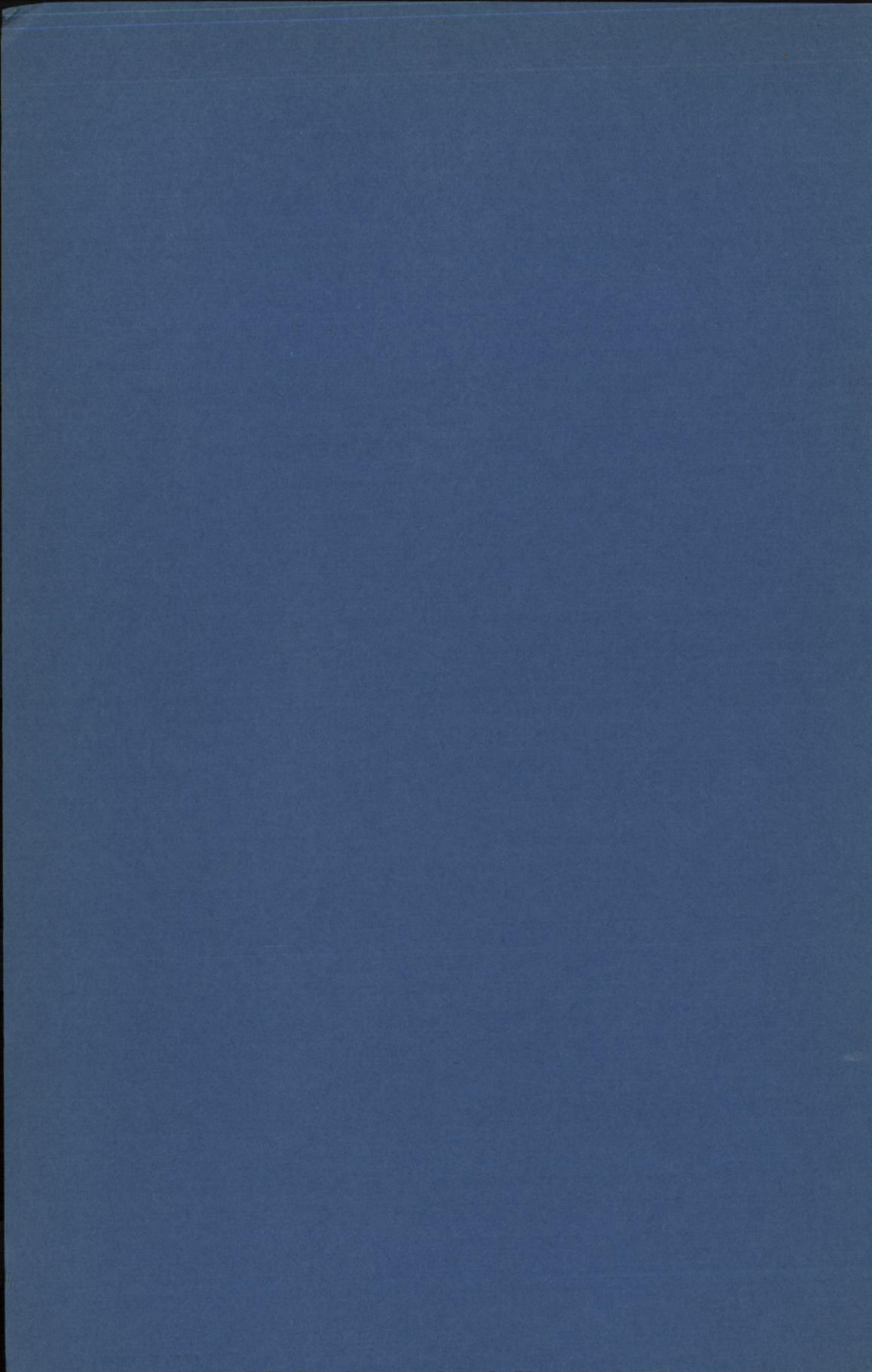
**TO THE
STOCKHOLDERS**

FOR THE YEAR ENDED DECEMBER 31, 1939

STRAWBOARDS

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Compliments of

RALPH BUDD



EIGHTY-SIXTH
ANNUAL REPORT
OF THE
BOARD OF DIRECTORS
OF THE
CHICAGO, BURLINGTON & QUINCY
RAILROAD COMPANY
TO THE
STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1939



CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

Term expires 1940

RALPH BUDD CHICAGO
CHARLES E. DENNEY.....ST. PAUL
FRANK J. GAVIN.....ST. PAUL

Term expires 1941

ARTHUR CURTISS JAMES..NEW YORK
GRENVILLE KANE NEW YORK
R. DOUGLAS STUART.....CHICAGO

Term expires 1942

EDWARD FLYNN CHICAGO
JAMES CHARLES JAMES.....CHICAGO
WALLACE C. WINTER.....CHICAGO

Term expires 1943

HINCKLEY G. ATWOOD.....CHICAGO
STEPHEN BIRCH NEW YORK
CHARLES I. STURGIS.....CHICAGO

EXECUTIVE COMMITTEE

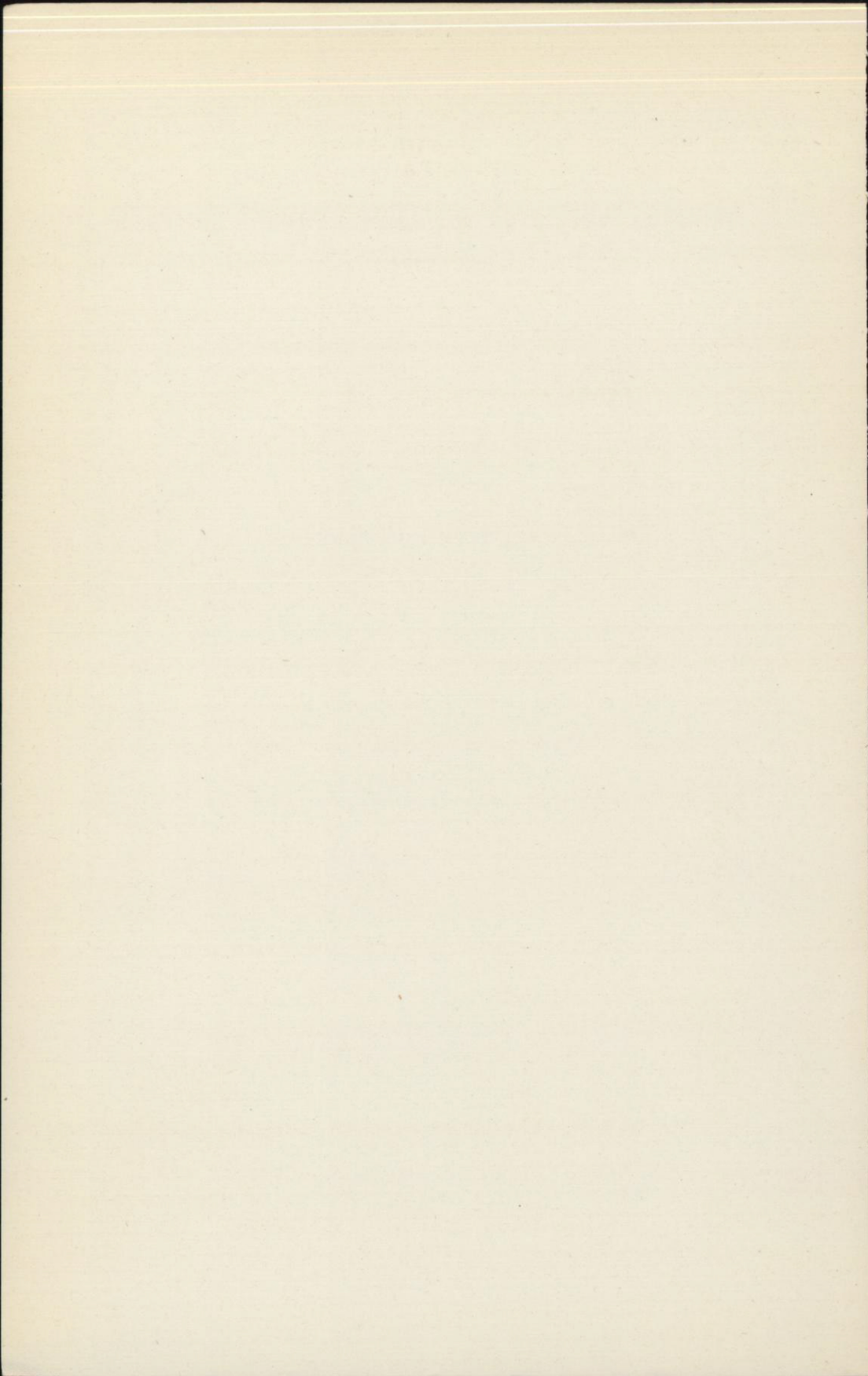
RALPH BUDD	CHAIRMAN
STEPHEN BIRCH	FRANK J. GAVIN
CHARLES E. DENNEY	ARTHUR CURTISS JAMES
EDWARD FLYNN	GRENVILLE KANE

OFFICERS

RALPH BUDD *President, Chicago*
EDWARD FLYNN *Executive Vice President, Chicago*
LAWRENCE R. CAPRON..... *Vice President, Chicago*
JAMES CHARLES JAMES.... *Vice President and General Counsel, Chicago*
THOMAS J. THOMAS..... *Assistant to President, Chicago*
HARRY C. MURPHY..... *Assistant Vice President, Chicago*
ANDREW T. WILLIAMS..... *Treasurer and Assistant Secretary, Chicago*
EDITH J. ALDEN..... *Secretary, Assistant Treasurer and Transfer Agent, Chicago*
ARTHUR D. McLANE..... *Assistant Secretary, Chicago*
BERT VICKERY *Assistant Treasurer, Omaha*
THOMAS J. LAWLESS..... *Assistant General Counsel, Chicago*
WALTER McFARLAND *General Solicitor, Chicago*
HERBERT W. JOHNSON..... *Comptroller, Chicago*
SHIRLEY L. PORTER..... *General Auditor, Chicago*
FRANK T. DARROW..... *Chief Engineer, Chicago*
WILLIAM W. HENDERSON.. *Transfer Agent, Chicago*

NICHOLAS STOCKHAMMER	} <i>Fiscal Agents, 2 Wall Street, New York</i>
HARRY F. SMITH.....	
EUGENE A. BERNHOLZ.....	} <i>Transfer Agents, 2 Wall Street, New York</i>
WILLIAM H. VANDERCAR..	
STATE STREET TRUST	} <i>Fiscal Agent and Transfer Agent, State and Congress</i>
COMPANY	

The above were Directors and Officers as of December 31, 1939.



TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1939:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1939	RAILWAY OPERATING REVENUES	1938	Percent of Ry. Oper. Revenue
79.95	\$ 76,853,602.61	 Freight	\$ 74,134,764.85	79.66
9.54	9,167,835.40	 Passenger	9,141,388.17	9.82
4.36	4,189,777.05	 Mail	4,087,850.05	4.39
1.59	1,526,822.65	 Express	1,483,358.63	1.59
2.43	2,340,098.23	 All other transportation	2,152,563.36	2.31
1.74	1,675,277.25	 Incidental	1,572,718.54	1.69
.39	378,381.16	 Joint facility	497,492.54	.54
100.00	\$ 96,131,794.35	... Total railway operating revenues ...	\$ 93,070,136.14	100.00
		RAILWAY OPERATING EXPENSES		
13.36	\$ 12,844,765.00	... Maintenance of way and structures ...	\$ 11,654,202.05	12.52
18.08	17,381,993.33	 Maintenance of equipment	15,409,733.08	16.56
3.05	2,931,085.31	 Traffic	2,858,762.84	3.07
35.64	34,256,995.99	 Transportation	33,620,007.26	36.12
1.22	1,174,803.71	 Miscellaneous operations	1,162,560.89	1.25
2.59	2,492,003.75	 General	2,530,553.24	2.72
Cr. .20	Cr. 195,751.15	Transportation for Investment—Credit.	Cr. 148,598.97	Cr. .16
73.74	\$ 70,885,895.94	... Total railway operating expenses ...	\$ 67,087,220.39	72.08
26.26	\$ 25,245,898.41	... Net revenue from railway operations ...	\$ 25,982,915.75	27.92
	\$ 8,616,802.38	 Railway tax accruals	\$ 9,061,509.02	
	\$ 16,629,096.03	 Railway operating income	\$ 16,921,406.73	
	Dr. 2,227,271.14	 Hire of equipment—Net	Dr. 2,497,983.42	
	Dr. 2,131,373.01	 Joint facility rents—Net	Dr. 2,016,031.11	
	\$ 12,270,451.88	 Net railway operating income	\$ 12,407,392.20	
		OTHER INCOME		
	\$ 760,309.92	 Miscellaneous rent income	\$ 812,810.90	
	353,162.83	 Dividends and miscellaneous interest ...	260,801.18	
	21,492.32	 Miscellaneous income	22,204.30	
	\$ 1,134,965.07	 Total other income	\$ 1,095,816.38	
	\$ 13,405,416.95	 Total income	\$ 13,503,208.58	
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
	\$ 92,132.82	 Miscellaneous rents	\$ 90,253.33	
	6,479.77	 Miscellaneous income charges	7,204.29	
	\$ 98,612.59	... Total miscellaneous deductions ...	\$ 97,457.62	
	\$ 13,306,804.36	.. Income available for fixed charges ..	\$ 13,405,750.96	
		FIXED CHARGES		
	\$ 85,228.30	.. Rent for leased roads and equipment ..	\$ 89,734.18	
	9,376,771.02	 Interest on funded debt	9,412,657.24	
	30,093.13	 Interest on unfunded debt	109,146.98	
	153,372.56	Amortization of discount on funded debt..	152,449.69	
	\$ 9,645,465.01	 Total fixed charges	\$ 9,763,988.09	
	\$ 3,661,339.35	 Income after fixed charges	\$ 3,641,762.87	
		DISPOSITION OF NET INCOME		
	\$ 3,416,774.00	... Dividend appropriations of income ...	\$ 3,416,774.00	
	\$ 244,565.35	Income balance transferred to profit and loss	\$ 224,988.87	

STATISTICS OF OPERATIONS

ITEMS	1939	1938
Average mileage of road operated	8,973.06	8,964.66
Actual miles road operated, end of year (see note)	9,018.44	8,948.37
TRAIN-MILES		
Freight	13,479,993	13,051,444
Passenger	14,075,820	14,052,091
Total transportation service	27,555,813	27,103,535
Work service	82,713	79,795
LOCOMOTIVE-MILES		
Freight	14,387,239	13,851,951
Passenger	11,437,782	11,286,527
Train and yard switching	6,114,930	5,893,282
Total transportation service	31,939,951	31,031,760
Work service	444,424	364,851
CAR-MILES		
Loaded freight cars	392,448,059	367,765,511
Empty freight cars	231,275,100	223,908,519
Sum of loaded and empty	623,723,159	591,674,030
Caboose	13,174,624	12,517,468
Total freight cars	636,897,783	604,191,498
Coach and combination passenger cars	27,324,212	27,837,874
Sleeping and parlor	23,088,987	23,346,567
Club, lounge, dining and observation	8,947,968	8,294,307
Other	34,545,751	33,494,219
Total passenger cars	93,906,918	92,972,967
Total transportation service	730,804,701	697,164,465
Work service	858,025	889,448
FREIGHT SERVICE		
Tons—revenue freight	29,419,597	28,131,527
Tons—revenue and non-revenue freight	34,654,243	32,652,585
Ton-miles—revenue freight	8,417,254,230	7,876,092,493
Ton-miles—revenue and non-revenue freight	9,793,601,400	9,117,287,800
PASSENGER SERVICE		
Passengers carried—revenue	7,909,151	7,921,334
Passenger miles—revenue	544,510,004	530,834,556

NOTE: Increase in operated mileage does not represent new construction but is difference between Q. O. & K. C. line, Milan to West Quincy acquired and unprofitable mileage abandoned during the year.

STATISTICS OF OPERATIONS—Continued

ITEMS	1939	1938
AVERAGES PER MILE OF ROAD		
Freight-train miles.....	1,511	1,466
Passenger-train miles.....	1,931	1,917
Transportation service train-miles.....	3,071	3,023
Transportation service locomotive-miles.....	3,560	3,462
Freight service car-miles.....	71,384	67,848
Passenger service car-miles.....	12,879	12,684
Freight revenue.....	\$ 8,613.83	\$ 8,325.05
Passenger service train revenue.....	\$ 2,091.79	\$ 2,056.38
Operating revenues.....	\$10,713.38	\$10,381.89
“ expenses.....	\$ 7,899.86	\$ 7,483.52
Net operating revenues.....	\$ 2,813.52	\$ 2,898.37
Net railway operating income.....	\$ 1,367.48	\$ 1,384.03
Ton-miles—revenue freight.....	943,414	884,455
“ “ —all freight.....	1,097,676	1,023,837
Passenger-miles—revenue.....	74,680	72,418
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles.....	29.11	28.18
Empty freight car-miles.....	17.16	17.16
Ton-miles—revenue freight.....	624.43	603.47
“ “ —all freight.....	726.53	698.57
Passenger train car-miles.....	6.67	6.62
Revenue passenger-miles.....	38.68	37.78
Freight revenue.....	\$ 5.70	\$ 5.68
Passenger service train revenue.....	\$ 1.08	\$ 1.07
Operating revenues.....	\$ 3.49	\$ 3.43
Operating expenses.....	\$ 2.57	\$ 2.47
Net operating revenues.....	\$.92	\$.96
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight.....	21.45	21.42
“ “ —all freight.....	24.96	24.79
Freight revenue.....	\$.19583	\$.20158
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue.....	11.31	10.92
Passenger revenue.....	\$.19045	\$.18811
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight.....	286.11	279.97
“ “ —non-revenue freight.....	262.93	274.54
“ “ —all freight.....	282.61	279.22
“ carried—revenue passengers.....	68.85	67.01
Revenue per ton of freight.....	\$ 2.61233	\$ 2.63529
“ “ ton-mile of freight.....	\$.00913	\$.00941
“ “ passenger.....	\$ 1.15914	\$ 1.15402
“ “ passenger-mile.....	\$.01684	\$.01722
Operating ratio.....	73.74	72.08

OPERATING REVENUES:

Total Operating Revenues for 1939.....	\$96,131,794	
Total Operating Revenues for 1938.....	93,070,136	
Increase	\$ 3,061,658	3.29%

The increase was as follows:

Freight	\$ 2,718,838	3.67%
Passenger	26,447	.29%
Mall	101,927	2.49%
Express	43,464	2.93%
Other Transportation Revenue.....	187,535	8.71%
Demurrage	7,207	7.32%
Other Incidental Operating Revenues..... (Decrease)	23,760	1.21%
Total Increase	\$ 3,061,658	3.29%

Comparison of carloads:

Total cars (all commodities), 1939.....	939,635	
Total cars (all commodities), 1938.....	894,051	
Increase in 1939.....	45,584	5.10%
Total cars (all commodities), 10 year average.....	943,988	

Comparison by classes of commodities 1939 with 1938:

Tons carried, 1939	29,419,597			
Tons carried, 1938	28,131,527			
Increase in 1939.....	1,288,070	4.58%		
Tons carried, 10 year average.....	29,284,963			
	Revenue†	Increase	Tons	Increase
Products of Agriculture.....	\$15,174,192	\$2,291,202*	5,905,249	1,091,017*
Animals and Products.....	8,172,205	370,645	1,332,071	73,140
Products of Mines.....	15,609,900	1,726,940	11,748,504	1,257,104
Products of Forests.....	4,526,321	505,921	1,547,147	181,931
Manufactures and Miscellaneous	31,660,600	2,636,865	8,323,113	809,021
Less Carload Tonnage.....	6,603,160	107,765*	563,513	57,891
Total	\$81,746,378	\$2,841,404	29,419,597	1,288,070
		*Decrease		

*Decrease

†Gross freight revenue stated without adjustment for absorptions or corrections.

FREIGHT:

The 4.58% greater volume of freight traffic was handled with an increase of 3.28% in train miles.

The average revenue per ton mile decreased from .941 cent in 1938 to .913 cent in 1939, 2.98%.

PASSENGER:

Passenger revenue in 1939 showed an increase of \$26,447, or .3% over 1938. Compared with 1933, passenger revenues have increased from \$6,722,104 to \$9,167,835, or 36.4%. This increase is attributable to inauguration of through train service to California and the fleet of Zephyr trains.

The average distance traveled per passenger continued an upward trend to 145.6 miles, an increase of 6.9 miles, indicating a continued increase in long-haul traffic.

The average revenue per passenger mile, exclusive of commutation, was 1.79 cents in 1939, compared with 1.84 cents in 1938, due primarily to the relatively lower fares which are made for long distance travel and the increased popularity of coach travel.

Mail revenue in 1939 was \$4,189,777, an increase of 2.5%, and Express \$1,526,823, an increase of 2.9%.

OPERATING EXPENSES:

Employees subject to the jurisdiction of Burlington Dining Car Employees, Local No. 1, were granted a wage increase, effective May 1, 1939, amounting annually to \$20,400. Train Dispatchers were granted a wage increase, effective November 16, 1939, amounting annually to \$11,550. Neither of these classes of employees participated in the general wage increase effective August 1, 1937. The minimum rate under the Fair Labor Standards Act advanced from 25c to 30c per hour on October 24, 1939, resulting in an annual payroll increase of approximately \$25,000. A Railroad Industry Committee, appointed in compliance with the terms of the Act, is now determining whether this minimum should be further increased prior to 1945, when the Act prescribes a floor of 40c per hour.

While gross revenue increased \$3,061,658, or 3.29% over 1938, it was necessary, because of the stringent reductions recounted in last year's report, to put substantially all of this back into the maintenance of the property. As a result, the operating ratio increased from 72.08 in 1938 to 73.74 in 1939.

Maintenance of way and structures expenses increased \$1,190,563, or 10.22%. During the year 1,981,814 ties were installed, 23.22 miles of new 131 lb. rail and 98.72 miles of 112 lb. rail were laid in the principal main lines. Track and related structures at the end of the year were in suitable condition to handle the available freight traffic at the speeds currently required and to insure comfortable riding condition for passengers.

Maintenance of equipment expenses, exclusive of depreciation and retirement charges, increased \$1,847,441, or 17.94%. Rolling stock was adequately maintained for handling available traffic.

Transportation expenses increased \$636,989, or 1.89%, the transportation ratio being reduced from 36.12 in 1938 to 35.64 in 1939. Gross ton miles per train hour, which in 1938 constituted the most favorable Burlington performance of record, increased from 30,357 in that year to 32,145 in 1939.

EXPENDITURES (Capital):

No new lines were constructed during the year.

Net increase in Capital Account during the year was as follows:

For road	\$3,289,618
For equipment	Cr. 569,021
For general	183,704

Total\$2,904,301

By authority of the Interstate Commerce Commission the Quincy, Omaha & Kansas City Railroad Company discontinued operations August 26, 1939, and that part of its line from Milan to North Kansas City, Mo., was abandoned. The line from Milan to West Quincy, Mo., was deeded to Burlington in part reimbursement for advances made to the Quincy, Omaha & Kansas City in prior years. Burlington's capital account increased \$2,857,850 through this acquisition.

Capital charges for improvement and replacement of bridges amounted to \$187,613.

At LaCrosse, Wisconsin, a modern passenger station was under construction on the freight line at a capital cost of \$110,208, of which \$78,186 was expended in 1939. Passenger service has now been eliminated on the old loop line traversing the heavy industrial and residential districts, resulting in safer and more direct passenger movements through LaCrosse.

At Prairie du Chien, Wisconsin, the old frame passenger station was replaced with a modern structure at a capital cost of \$15,556.

At Omaha, Nebraska, an escalator was installed in the passenger station between concourse and track platform, replacing stairway, at a capital cost of \$23,421.

At Scottsbluff, Nebraska, additional land for industrial purposes was acquired at a capital cost of \$20,276.

At Brush, Colorado, a new well and necessary pumping equipment were installed at a capital cost of \$34,269.

Abandonment of following unprofitable branch lines resulted in a credit of \$574,525 to capital account:

Norwich, Ia., to Shenandoah, Ia.....	7.25 miles
Van Wert, Ia., to Decatur City, Ia.....	9.98 miles
Birmingham, Ia., to Batavia, Ia.....	14.77 miles
Total	32.00 miles

ADDITIONS TO EQUIPMENT:

New Rolling Stock Delivered in 1939:

5—600 h.p. Diesel-electric switchers.

1—4-car Zephyr type stainless steel air-conditioned passenger train consisting of 1,000 horse power motor and baggage car, two coaches, one observation-parlor-diner. Non-articulated trucks. (General Pershing Zephyr 9908.)

2—Stainless steel chambrette sleeping cars, Silver Slipper and Silver Moon, for Denver Zephyr trains 9906 and 9907.

Built in Company Shop:

1—Combination passenger-baggage car built from salvage of a gas-electric motor car.

197—40' 6" 50-ton single sheathed steel frame box cars.

New Equipment to be built in 1940:

Outside Shops

3—4,000 h.p. Diesel-electric passenger locomotives.

1—6-car Zephyr type stainless steel air-conditioned passenger train with non-articulated trucks, consisting of 1—2,000 h.p. power unit, 1 baggage car, 1 baggage and mail car, 2 coaches and 1 dining lounge.

3—Stainless steel baggage cars (one with 30' R.P.O.).

9—Stainless steel air-conditioned chair cars.

2—Stainless steel air-conditioned dining-lounge cars.

Company Shops

- 10—4-8-4 Steam freight-passenger locomotives (Class 0-5-A).
- 100—53' 6" 50-ton steel flat cars.
- 250—34' 3" 55-ton all steel hopper cars.
- 15—65' 6" 70-ton all steel mill type cars.
- 100—35' 2" 70-ton all steel covered hopper cement cars.
- 25—50' 50-ton steel sheathed box cars with perforated lining for handling automobile parts.

PRODUCE TERMINALS:

In order to maintain its position with respect to perishable traffic, Burlington joined with other railways in construction of new modern produce terminals at Denver and Kansas City.

At Denver, Burlington shared equally with the Colorado & Southern, Atchison, Topeka & Santa Fe, Chicago, Rock Island & Pacific, and the Denver & Rio Grande Western in the formation of the Denver Market and Produce Terminal, Inc., and construction of produce terminal facilities, which facilities were placed in operation in 1939.

At Kansas City, Burlington joined equally with Missouri Pacific, Atchison, Topeka & Santa Fe, and Chicago, Rock Island & Pacific in formation of Centralized Yards, Inc., to construct and operate a new and modern produce terminal at that point. This terminal will be completed early in 1940.

INDUSTRIAL:

Two hundred and forty-eight new industrial leases on railroad property were executed during the year; there were one hundred and sixty cancellations, leaving a net of eighty-eight new industrial leases on railroad property. Fifty-six new industries were located on private property served by our tracks; eight industries made additions to existing plants and ten new industries located on terminal trackage. Seventeen new industry tracks and extensions to existing tracks were built and three temporary tracks for contractors were installed.

AGRICULTURE:

Due to higher prices, farm income from crops and livestock in 1939 increased \$74,860,000 (2.4%) in states served by the Burlington. This, together with an increase of \$188,268,000 in government payments, resulted in 7.9% larger cash farm receipts. Reduced plantings and drouth decreased wheat production 123,103,000 bushels (23%) below the good crop of 1938 and 4% below the ten-year (1928-1937) average. In Nebraska the reduction from 1938 was 35%. Corn production exceeded 1938 slightly; oats declined 16%; barley 1%. Increased storage of grain through the aid of government loans resulted in decreased rail shipments. About 4,000 circular steel grain bins were erected in Burlington territory in Illinois and Iowa. Soybeans, although a comparatively new crop, increased 37% with a production of 57,432,000 bushels and have become an important factor in territory served by the Burlington. With the exception of drouth areas in Nebraska, Wyoming and Colorado, the production of hay and other feed crops was satisfactory. Increased

potato harvests in Nebraska and Colorado were largely offset by decreases elsewhere. Sugar beets, an important crop, declined 1,023,000 tons (21%) principally because of a shortage of irrigation water.

The Federal government continues to develop irrigation in areas adjacent to Lines West of the Missouri River. During the year \$22,126,000 was spent on seven projects. About \$55,000,000 will be required to finish these and when completed they will irrigate or supply supplemental water to 546,000 acres. Two new projects costing \$3,220,000 have been approved for construction during 1940. Fifteen additional projects to irrigate over 500,000 acres are being surveyed or application has been made for government funds.

In the territory served by the Burlington there was a decrease of 6% (1,682,000 acres) sown to fall wheat for harvest in 1940. Nebraska, our most important wheat producing state, reduced plantings 17% (650,000 acres). Due to drouth, the condition of this growing crop at the close of the year was very poor. Farm stocks of grain on hand at the close of the year increased 124,177,000 bushels (9.6%). During the year cattle on farms increased 3.3%; sheep 2.6%; swine 22%.

TAXES:

During the year there was accrued for taxes, including railroad pension and unemployment taxes, \$8,616,802. This was equal to \$5.04 per share of capital stock and 8.96% of gross operating revenue.

PENSIONS AND UNEMPLOYMENT INSURANCE:

In 1939 pension costs totaled \$1,306,211, as follows: \$1,210,007 accrued for Federal taxes for pensions, \$81,488 paid for supplementary pensions, and \$14,716 for administrative expenses.

Total accruals for unemployment insurance taxes during the year were \$1,330,575.

Based on 1939 experience, the railroads of the United States contributed about three times as much as was required for unemployment benefits under the Federal law. Consideration of this fact is being urged by the railroads in an effort to secure reduction of the tax.

RELIEF DEPARTMENT:

The annual report of the Relief Department (available on request) shows payments from the Relief Fund of \$602,361 in disability and death benefits during the year.

BURLINGTON TRANSPORTATION COMPANY:

During the year 1939, the Bus Division operated 11.5 million bus miles over 6,693 route miles at a net operating loss of \$79,827 compared with a net loss in 1938 of \$257,837. Operating revenues in 1939 increased \$388,659, or 29.2% over 1938, and bus miles increased 1,470,012, or 14.6%, while expenses increased \$238,479, or 13.9%.

The bus lines were operated at substantial profit after June 15 when twenty-one Cruiser type, diesel powered, air-conditioned coaches were placed in the Chicago-California service and three new air-conditioned

buses in the Omaha-Kansas City service. Better depot facilities also aided Company in obtaining a greater volume of business. Fourteen additional units of equipment were placed in service late in the year, namely: two 37-passenger buses, seven 25-passenger buses, and five 13-passenger buses.

The Trucking Division operated 4.04 million truck miles over 2,949 route miles at a net profit of \$70,392 compared to a net profit in 1938 of \$26,089. Operating revenues in 1939 increased \$181,410, or 28.0% over 1938 and truck miles increased, 630,401, or 18.5%, while expenses increased \$137,547, or 22.2%.

Intrastate rights were acquired between Grant, Iowa, and Council Bluffs, Iowa, from the William West Motor Express.

Thirty-four new units of equipment were purchased and placed in service during the year.

NINETIETH ANNIVERSARY YEAR

The beginning of the Burlington was at Aurora in February, 1849, when the Aurora Branch Railroad was given a charter to build 12 miles to Turner Junction, now West Chicago. The year 1940 marks the ninetieth anniversary of the first train which was operated, in September, 1850. Commemorating that event, an historical sketch of the Burlington Railroad, entitled "The First Ninety Years," is being published.

It is with deep regret that the Directors record the death on September 4, 1939, of Charles Donnelly, who was a Director and a member of the Executive Committee since 1921.

The deaths of William P. Kenney, Director, and Bruce Scott, Vice President and Director, were recorded in the 1938 annual report which was issued in May, 1939.

The Board of Directors takes this opportunity to express its appreciation of the efficient and wholehearted cooperation of its officers and employees.

By order of the Board of Directors.

RALPH BUDD, President.

INVESTMENT IN ROAD AND EQUIPMENT CURRENT YEAR

Account	Additions and Betterments
Engineering	\$ 106,756.90
Land for transportation purposes	135,325.59
Other R.O.W. expenditures	4,412.93
Grading	569,023.37
Tunnels and subways	8,505.94
Bridges, trestles and culverts	702,293.72
Ties	139,538.48
Rails	459,814.15
Other track material	509,709.29
Ballast	394,553.49
Track laying and surfacing	139,117.19
Fences, snow sheds and signs	31,691.32
Crossings and signs	Cr. 282,675.78
Station and office buildings	155,003.93
Roadway buildings	Cr. 19,098.84
Water stations	5,148.18
Fuel stations	Cr. 2,118.59
Shops and engine houses	Cr. 21,412.92
Grain elevators	21.50
Storage warehouses	Cr. 2,099.69
Wharves and docks	Cr. 4,578.11
Telegraph and telephone lines	4,479.82
Signals and interlockers	56,907.45
Power plants	4,089.30
Power transmission systems	5,097.73
Miscellaneous structures	Cr. 17,956.40
Roadway machines	Cr. 30,582.77
Roadway small tools	7,276.26
Public improvements—Construction	291,383.28
Cost of road purchased	Cr. 72,010.00
Shop machinery	Cr. 2,106.84
Power plant machinery	14,107.58
Total expenditures for road	\$3,289,617.46
Steam locomotives	Cr. \$ 394,368.57
Other locomotives	346,320.89
Freight-train cars	Cr. 681,568.91
Passenger-train cars	401,046.14
Work equipment	Cr. 232,816.55
Miscellaneous equipment	Cr. 7,633.55
Total expenditures for equipment	Cr. \$ 569,020.55
Organization expenses	\$ 347.00
General officers and clerks	14,569.00
Law	7,284.00
Stationery and printing	1,040.00
Taxes	7,631.00
Interest during construction	149,016.98
Other expenditures—General	3,816.00
Total general expenditures	\$ 183,703.98
Grand Total	\$2,904,300.89
The above figures include the following:	
Acquisition of line West Quincy to Milan, Mo., from Quincy, Omaha & Kansas City R.R. Co.	\$2,857,850.34
Credits for abandonment of branch lines and retirement of equipment as follows:	
Shenandoah to Norwich, Ia. (7.25 miles)	\$ 172,784.73
Van Wert to Decatur City, Ia. (9.98 miles)	150,922.31
Birmingham to Batavia, Ia. (14.77 miles)	250,818.00
Equipment retirements	3,137,931.00
	\$3,712,456.04

EQUIPMENT CLASS	Number on Dec. 31, 1938	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1939	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam.....	1,048	5	41	1,012	.....
Other locomotives.....	18	8	.....	26	.....
Total locomotives.....	1,066	13	41	1,038	Lbs. 49,388
Freight-train cars—Box cars	22,066	199	1,227	21,038	.....
Flat cars.....	1,787	.....	13	1,774	.....
Stock cars.....	3,806	.....	15	3,791	.....
Gondola and Hopper (Coal and Coke).....	14,180	.....	15	14,165	.....
Caboose cars.....	577	.....	4	573	.....
Other freight-train cars...	105	15	19	101	.....
All classes of freight-train cars.....	42,521	214	1,293	41,442	Tons 44.39
Pass.-train cars—Coaches...	378	2	2	378	.....
Combination coach cars...	72	2	14	60	.....
Parlor cars.....	4	.....	.....	4	.....
Dining cars.....	33	.....	.....	33	.....
Club, lounge and observa- tion cars.....	10	2	1	11	.....
Postal cars.....	40	.....	1	39	.....
Baggage, express and other nonpassenger cars.....	272	7	2	277	.....
Total.....	809	13	20	802	.....
Passenger rail motor cars:					
Coaches.....	.....	.....	.....	.....	.....
Combination coach cars...	31	.....	4	27	.....
Other passenger-train rail motor cars.....	18	1	1	18	.....
Total.....	49	1	5	45	.....
Multiple-Unit trains:					
Number of trains.....	6	.....	.....	6	.....
Number of cars—Coaches...	10	.....	.....	10	.....
Combination coach cars...	10	.....	.....	10	.....
Parlor and sleeping cars...	14	2	.....	16	.....
Other passenger-train cars.	10	.....	.....	10	.....
Total.....	44	2	.....	46	.....
All classes of pass.-train cars	902	16	25	893	.....
Company service equipment:					
Officers' and business cars.	19	.....	.....	19	.....
Ballast cars.....	1,236	3	289	950	.....
Derrick cars.....	5	.....	.....	5	.....
Steam shovels.....	6	.....	1	5	.....
Wrecking cars.....	20	.....	.....	20	.....
Other company service cars	2,535	41	142	2,434	.....
All classes of Co. service cars.	3,821	44	432	3,433	.....
All classes of cars in service..	47,244	274	1,750	45,768	.....

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1938	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1939
Freight-refrigerator cars*.....	1,732	.....	22	1,710
Passenger-refrigerator cars*...	30	.....	.....	30
Zephyr train No. 9901 cars#...	4	.....	.....	4

*Leased to Burlington Refrigerator Express Company.

#Leased to Burlington-Rock Island Railroad Company.

GENERAL BALANCE SHEET

December 31, 1939

ASSETS**Investments:**

Investment in road and equipment.....	\$602,641,471.36
Improvements on leased railway property.....	154,878.71
Deposits in lieu of mortgaged property sold.....	269,653.48
Miscellaneous physical property.....	5,101,710.84

Investments in affiliated companies:

Stocks	\$26,585,643.95
Notes	3,175,519.85
Advances	8,806,234.09
	<u>38,567,397.89</u>

Other investments:

Stocks	\$3,750,557.90
Bonds	225,900.00
Notes	146,248.84
Advances	1,450.00
Miscellaneous	117,412.00
	<u>4,241,568.74</u>

Total investments (capital assets)..... \$650,976,681.02

Current assets:

Cash	\$7,261,906.11
Time drafts and deposits.....	851,164.52
Loans and bills receivable.....	3,785.45
Traffic and car-service balances receivable....	783,904.37
Net balance receivable from agents and con- ductors	1,139,387.87
Miscellaneous accounts receivable.....	2,771,013.82
Material and supplies.....	10,306,494.53
Interest and dividends receivable.....	11,884.49
Rents receivable	22,936.33
Other current assets.....	78,471.33

Total current assets..... 23,230,948.82

Deferred assets:

Working fund advances.....	\$ 34,951.55
Other deferred assets.....	167,953.12

Total deferred assets..... 202,904.67

Unadjusted debits:

Insurance premiums paid in advance.....	\$ 72,650.22
Discount on funded debt.....	3,997,694.25
Other unadjusted debits.....	1,945,568.91

Total unadjusted debits..... 6,015,913.38

Grand Total \$680,426,447.89

GENERAL BALANCE SHEET

December 31, 1939

LIABILITIES

Capital stock:		
Common stock		\$170,839,100.00
Governmental Grants:		
Grants in aid of construction.....		575,185.49
Long-term debt:		
Funded debt unmatured:		
Illinois Division Mortgage 3½'s.....	\$ 50,835,000.00	
Illinois Division Mortgage 4's.....	34,165,000.00	
General Mortgage 4's	93,414,000.00	
First & Refunding Mortgage Series "A" 5's...	40,000,000.00	
First & Refunding Mortgage Series "B" 4½'s...	30,000,000.00	
First & Refunding Mortgage Series "C" 5's...	9,430,000.00	
Equipment Trust Certificates of 1936, 2½'s...	2,765,000.00	
Equipment Trust Certificates of 1937, 2½'s...	2,920,000.00	
Serial Collateral Trust Notes, 2¼'s.....	4,900,000.00	
Conditional Sales Contracts.....	1,065,307.96	
Total issued	\$269,494,307.96	
Less held by or for the company.....	38,372,000.00	
Total long term debt outstanding.....		231,122,307.96
Current liabilities:		
Traffic and car-service balances payable.....	\$ 1,350,278.94	
Audited accounts and wages payable.....	4,676,134.22	
Miscellaneous accounts payable.....	183,675.70	
Interest matured unpaid.....	947,169.75	
Funded debt matured unpaid.....	2,600.00	
Unmatured interest accrued.....	2,301,001.67	
Other current liabilities.....	314,746.21	
Total current liabilities.....		9,775,606.49
Deferred liabilities:		
Other deferred liabilities.....		80,166.34
Unadjusted credits:		
Tax liability	\$ 5,220,604.49	
Premium on funded debt.....	43,645.76	
Insurance and casualty reserves.....	1,392,996.20	
Accrued depreciation—Equipment	76,492,653.60	
Other unadjusted credits.....	1,834,357.75	
Total unadjusted credits.....		84,984,257.80
Corporate surplus:		
Additions to property through income and surplus	\$ 897,962.98	
Funded debt retired through income and surplus	44,044,176.95	
Sinking fund reserves.....	600.00	
Profit and loss.....	138,107,083.88	
Total corporate surplus.....		183,049,823.81
Grand Total		\$680,426,447.89

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Nominally outstanding held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK			\$170,839,100	\$170,839,100		\$170,839,100	2%	Dec. 26	\$3,416,774.00
MORTGAGE BONDS									
Illinois Division Mortgage	July 1, 1899	July 1, 1949	\$ 50,835,000	\$ 50,835,000	\$ 386,000	\$ 50,449,000	3½	J. & J.	\$1,765,715.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	34,165,000	189,000	33,976,000	4	J. & J.	1,359,040.00
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	† 28,167,000	65,247,000	4	M. & S.	2,609,880.00
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	40,000,000	40,000,000		40,000,000	5	F. & A.	2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	200,000	29,800,000	4½	F. & A.	1,341,000.00
Series C	Feb. 1, 1938	Feb. 1, 1948	15,000,000	9,430,000	9,430,000		5	F. & A.	
Total			\$263,414,000	\$257,844,000	\$38,372,000	\$219,472,000			\$9,075,635.00
SERIAL COLLATERAL TRUST NOTES	Dec. 1, 1936	\$700,000 Dec. 1 each year to 1946	\$ 7,000,000	\$ 4,900,000		\$ 4,900,000	2½	J. & D.	\$ 124,687.50
EQUIPMENT OBLIGATIONS									
Equipment Trust of 1936	May 1, 1936	\$395,000 May 1 each year to 1946	\$ 3,950,000	\$ 2,765,000		\$ 2,765,000	2½	M. & N.	\$ 72,416.68
Equipment Trust of 1937	Oct. 1, 1937	\$365,000 Oct. 1 each year to 1947	\$ 3,650,000	\$ 2,920,000		\$ 2,920,000	2½	A. & O.	\$ 79,843.75
CONDITIONAL SALES CONTRACTS									
First National Bank of Chicago	Dec. 24, 1937	1st each mo. to Jan. 1946	\$ 596,000	\$ 435,080		\$ 435,080	2¾	1st of each month	\$ 13,057.15
First National Bank of Chicago	Oct. 15, 1938	1st each mo. to Sept. 1947	\$ 360,000	\$ 337,394		\$ 337,394	2¾	1st of each month	\$ 6,970.75
First National Bank of Chicago	May 15, 1939	23rd each mo. to Oct. 1947	\$ 309,472	\$ 292,834		\$ 292,834	2¾	23rd of each month	\$ 4,160.19
Total Debt			\$279,279,472	\$269,494,308	\$ 38,372,000	\$231,122,308			\$9,376,771.02

*Includes \$400 scrip on which no dividends are paid.

†Includes \$18,294,000 bonds pledged under First and Refunding Mortgage, \$6,927,000 bonds pledged as collateral security for Serial Collateral Trust Notes and \$2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to May 1, 1945.

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public.....	\$231,122,308
Nominally outstanding, held for or by the company.....	38,372,000
	\$269,494,308

Illinois Division Mortgage

This mortgage is a first lien on 1,615.75 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and certain points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

No Changes During Year

General Mortgage

This mortgage is a lien on 8,056.34 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject, as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The General Mortgage covers.....	8,056.34
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,615.75

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No Changes During Year

First and Refunding Mortgage

This mortgage is a lien on 8,539.44 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all terminals, property and equipment appurtenant thereto. This lien is subject to the prior liens of the mortgages described above:

	Miles
The mortgage covers.....	8,539.44
Of which there are subject to prior liens	
Of the Illinois Division Mortgage and the General Mortgage.	1,615.75
Of the General Mortgage only.....	6,440.59

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also \$18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the company on 60 days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

Series C bonds dated February 1, 1938, due February 1, 1948, issued and pledged as collateral for a short term bank loan and additional collateral under the Serial Collateral Trust Notes \$9,430,000, have been released from pledge and are now held in Company's Treasury.

No Changes During Year

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Colorado.....	395.46	.47	.....	.....	177.84	573.77
Illinois.....	1,623.54	472.70	40.89	5.43	1,099.95	3,242.51
Iowa.....	1,156.44	248.58	.....	.....	324.55	1,729.57
Kansas.....	221.91	.....	.....	.....	28.82	250.73
Minnesota.....	23.09	2.71	.....	.....	41.39	67.19
Missouri.....	1,183.81	112.82	.....	.....	419.35	1,715.98
Montana.....	134.38	.....	.....	.....	48.95	183.33
Nebraska.....	2,823.13	29.53	.....	.....	838.25	3,690.91
South Dakota..	174.71	.....	.....	.....	56.64	231.35
Wisconsin.....	228.11	211.16	.....	.....	65.18	504.45
Wyoming.....	677.78	.....	.....	.....	230.10	907.88
Total.....	8,642.36	1,077.97	40.89	5.43	3,331.02	13,097.67
Operated under lease or contract	376.08	125.72	.76	.76	400.69	904.01
Grand Total..	9,018.44	1,203.69	41.65	6.19	3,731.71	14,001.68

*Includes yard tracks and sidings owned but not operated as follows:
Colorado .54 mile, Illinois 1.30 miles, Iowa .71 mile, total 2.55.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1939	1938	INCREASE	DECREASE
RAILWAY OPERATING REVENUES—				
TRANSPORTATION:				
Freight.....	\$ 76,853,602.61	\$ 74,134,764.85	\$ 2,718,837.76	
Passenger.....	9,167,835.40	9,141,388.17	26,447.23	
Excess baggage.....	27,401.95	27,547.95		\$ 146.00
Parlor and chair car.....	51,154.54	56,583.04		\$ 5,428.50
Mail.....	4,189,777.05	4,087,850.05	101,927.00	
Express.....	1,526,822.65	1,483,358.63	43,464.02	
Other passenger train.....	110,088.46	108,043.85	2,044.61	
Milk.....	178,630.68	168,898.64	9,732.04	
Switching.....	1,972,822.60	1,791,489.88	181,332.72	
Total.....	\$ 94,078,135.94	\$ 90,999,925.06	\$ 3,078,210.88	
INCIDENTAL:				
Dining and buffet.....	\$ 581,339.42	\$ 593,569.31		\$ 12,169.89
Hotel and restaurant.....	56,306.99	54,493.88	1,813.11	
Station and train privileges.....	22,992.78	21,966.36	1,026.42	
Parcel room.....	1,083.50	1,273.90		190.40
Storage—Freight.....	15,118.93	18,173.33		3,054.40
Storage—Baggage.....	1,974.52	2,036.07		61.55
Demurrage.....	105,727.15	98,520.27	7,206.88	
Telegraph and telephone.....	135,145.23	134,461.71	683.52	
Stockyard.....	142,835.37	130,850.22	11,985.15	
Power.....	75,250.65	65,847.13	9,403.52	
Rents of buildings and other property.....	202,776.33	207,952.98		5,176.65
Miscellaneous.....	334,666.38	243,573.38	91,093.00	
Total.....	\$ 1,675,277.25	\$ 1,572,718.54	\$ 102,558.71	
Joint facility—Cr.....	\$ 383,711.80	\$ 505,488.30		\$ 121,776.50
Joint facility—Dr.....	Dr. 5,330.64	Dr. 7,995.76	\$ 2,665.12	
Total.....	\$ 378,381.16	\$ 497,492.54		\$ 119,111.38
Total railway operating revenues.....	\$ 96,131,794.35	\$ 93,070,136.14	\$ 3,061,658.21	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1939	1938	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—				
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence.....	\$ 1,114,575.25	\$ 1,070,300.57	\$ 44,274.68	\$ 43,732.90
Roadway maintenance.....	719,830.27	763,563.17	3,465.35	
Tunnels and subways.....	10,310.43	6,845.08	164,418.84	
Bridges, trestles and culverts.....	613,997.74	449,578.90	83,837.99	
Ties.....	2,731,456.21	2,647,618.22	101,311.28	
Rails.....	516,368.26	415,056.98	192,822.40	
Other track material.....	973,650.37	780,827.97	37,813.51	
Ballast.....	170,038.10	132,224.59	237,686.50	
Track laying and surfacing.....	2,987,611.95	2,749,925.45	8,770.09	
Fences, snow sheds and signs.....	112,486.54	103,716.45	85,339.29	
Station and office buildings.....	387,429.83	302,090.54	14,563.04	
Roadway buildings.....	80,516.75	65,953.71	27,736.33	
Water stations.....	179,434.72	151,708.39	8,649.00	
Fuel stations.....	78,155.78	69,506.78	36,082.41	
Shops and engine houses.....	434,598.65	398,516.24	313.41	
Wharves and docks.....	470.49	783.90	12,465.62	
Telegraph and telephone lines.....	54,709.61	67,175.23	33,462.09	
Signals and interlockers.....	507,397.80	473,935.71	12,043.24	
Power plants.....	6,106.59	18,149.83		
Power-transmission systems.....	30,535.54	17,723.06	12,812.48	
Miscellaneous structures.....	16,187.60	8,557.95	7,629.65	
Roadway machines.....	163,738.79	110,572.88	53,165.91	
Small tools and supplies.....	132,566.89	107,489.21	25,077.68	
Removing snow, ice and sand.....	116,811.49	88,199.86	28,611.63	
Public improvements—Maintenance.....	116,537.05	97,708.85	18,828.20	
Injuries to persons.....	65,140.50	82,614.42		17,473.92
Insurance.....	34,865.37	39,488.33		4,622.96
Stationery and printing.....	16,079.71	13,979.27	2,100.44	
Other expenses.....	2,525.72	2,167.28	358.44	

Maintaining joint tracks, yards and other facilities—Dr.	\$	636,514.21	\$	591,196.23	\$	45,317.98	.....
Maintaining joint tracks, yards and other facilities—Cr.	Cr.	166,145.52	Cr.	172,818.16		6,672.64	.....
Right-of-way expenses		262.31	Cr.	154.84		417.15	.....
Total	\$	12,844,765.00	\$	11,654,202.05	\$	1,190,562.95	.....
MAINTENANCE OF EQUIPMENT							
Superintendence	\$	650,528.67	\$	635,729.82	\$	14,798.85	.....
Shop machinery		435,545.18		335,048.91		100,496.27	.....
Power-plant machinery		56,441.06		93,258.48			\$ 36,817.42
Steam locomotives—Repairs		4,584,858.31		4,124,121.33		460,736.98	.....
Other locomotives—Repairs		274,179.85		220,800.91		53,378.94	.....
Freight-train cars—Repairs		4,019,229.07		3,006,178.87		1,013,050.20	.....
Passenger-train cars—Repairs		1,484,737.91		1,364,753.94		119,983.97	.....
Work equipment—Repairs		368,524.46		213,238.95		155,285.51	.....
Miscellaneous equipment—Repairs		7,736.00		9,108.74			1,372.74
Injuries to persons		50,792.26		81,937.45		31,145.19	.....
Insurance		51,132.53		67,035.19		15,902.66	.....
Stationery and printing		9,348.57		9,437.97		89.40	.....
Other expenses		3,852.63		1,647.45		2,205.18	.....
Maintaining joint equipment—Dr.		158,889.12		154,893.92		3,995.20	.....
Maintaining joint equipment—Cr.	Cr.	12,711.22	Cr.	21,548.69		8,837.47	.....
Total	\$	12,143,084.40	\$	10,295,643.24	\$	1,847,441.16	.....
Equipment—Retirements	\$	32,752.86	\$	10,211.54	\$	22,541.32	.....
Equipment—Depreciation		5,206,156.07		5,103,878.30		102,277.77	.....
Total	\$	5,238,908.93	\$	5,114,089.84	\$	124,819.09	.....
Total	\$	17,381,993.33	\$	15,409,733.08	\$	1,972,260.25	.....

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1939	1938	INCREASE	DECREASE
TRAFFIC				
Superintendence.....	\$ 830,335.93	\$ 831,951.38	\$ 33,416.22	\$ 1,615.45
Outside agencies.....	1,337,489.95	1,304,073.73	37,639.09	
Advertising.....	452,653.00	415,013.91	2,720.78	
Traffic associations.....	72,939.72	70,218.94	422.43	
Industrial and immigration bureaus.....	23,366.43	22,944.00	19.60	
Insurance.....	439.89	430.29	1,804.24	
Stationery and printing.....	199,966.87	198,162.63		
Other expenses.....	13,893.52	15,977.96		2,084.44
Total.....	\$ 2,931,085.31	\$ 2,858,762.84	\$ 72,322.47	
TRANSPORTATION				
Superintendence.....	\$ 847,629.16	\$ 868,877.63		\$ 21,248.47
Dispatching trains.....	511,716.80	508,677.38	3,039.42	
Station employees.....	5,067,141.51	4,972,990.33	94,151.18	
Weighing, inspection and demurrage bureaus.....	160,618.15	158,652.93	1,965.22	
Station supplies and expenses.....	318,228.53	304,092.77	14,135.76	
Yardmasters and yard clerks.....	816,639.56	807,645.71	8,993.85	
Yard conductors and brakemen.....	2,471,766.19	2,327,628.52	144,137.67	
Yard switch and signal tenders.....	126,814.88	129,505.53		2,690.65
Yard enginemen.....	1,421,523.02	1,384,430.20	37,092.82	
Yard motormen.....	186,855.73	150,596.45	36,259.28	
Yard switching fuel.....	597,568.86	567,402.20	30,166.66	
Water for yard locomotives.....	85,847.88	84,042.99	1,804.89	
Lubricants for yard locomotives.....	22,494.83	19,770.64	2,724.19	
Other supplies for yard locomotives.....	24,569.45	23,510.38	1,059.07	
Engine-house expenses—Yard.....	292,417.38	278,543.16	13,874.22	
Yard supplies and expenses.....	52,983.79	54,428.64		1,444.85
Operating joint yards and terminals—Dr.....	1,564,448.80	1,585,081.65		20,632.85
Operating joint yards and terminals—Cr.....	148,111.97	167,616.74	19,504.77	
Train enginemen.....	4,123,151.64	4,028,397.93	94,753.71	
Train motormen.....	435,082.99	455,517.94		20,434.95

Train fuel.....	\$ 4,258,901.82	\$ 4,095,376.54	\$ 163,525.28	\$ 182.18
Water for train locomotives.....	408,963.79	409,145.97	9,487.59	182.18
Lubricants for train locomotives.....	144,373.72	134,886.13	19.83	
Other supplies for train locomotives.....	85,000.87	84,981.04	21,856.81	
Engine-house expenses—Train.....	873,686.54	851,829.73	92,757.71	
Trainmen.....	5,128,164.88	5,035,407.17	13,167.10	
Train supplies and expenses.....	1,991,221.73	1,978,054.63	2,600.00	14,542.43
Signal and interlocker operations.....	417,485.22	432,027.65	156.33	
Crossing protection.....	314,123.51	311,523.51		
Drawbridge operation.....	15,640.37	15,484.04		
Telegraph and telephone operation.....	305,888.05	307,887.57		1,999.52
Stationery and printing.....	119,625.58	113,434.79	6,190.79	
Other expenses.....	191,352.94	157,429.82	33,923.12	
Operating joint tracks and facilities—Dr.....	319,577.57	334,092.46	4,451.74	14,514.89
Operating joint tracks and facilities—Cr.....	187,059.28	191,511.02	2,590.94	
Insurance.....	15,070.44	12,479.50	16,491.42	
Clearing wrecks.....	45,071.49	28,580.07	23,360.86	
Damage to property.....	80,921.77	57,560.91		286.77
Damage to live stock on right-of-way.....	58,560.95	58,847.72		58,214.67
Loss and damage—Freight.....	417,569.57	475,784.24		1,309.46
Loss and damage—Baggage.....	754.14	2,063.60		99,751.81
Injuries to persons.....	272,713.14	372,464.95		
Total.....	\$ 34,256,995.99	\$ 33,620,007.26	\$ 636,988.73	
MISCELLANEOUS OPERATIONS				
Dining and buffet service.....	\$ 940,286.20	\$ 974,325.68	\$ 34,039.48	
Hotels and restaurants.....	61,983.52	62,652.42	668.90	
Stockyards.....	137,749.86	93,990.15	43,759.71	
Producing power sold.....	34,784.13	31,592.64	3,191.49	
Total.....	\$ 1,174,803.71	\$ 1,162,560.89	\$ 12,242.82	
GENERAL				
Salaries and expenses of general officers.....	\$ 242,529.32	\$ 250,494.15	\$ 7,964.83	
Salaries and expenses of clerks and attendants.....	1,565,885.27	1,591,630.48	25,745.21	
General office supplies and expenses.....	81,303.95	78,784.93	2,519.02	
Law expenses.....	211,514.89	256,758.83	45,243.94	
Insurance.....	1,003.11	158.07	845.04	
Relief department expenses.....	61,092.67	65,490.18	4,397.51	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1939	1938	INCREASE	DECREASE
GENERAL—Cont.				
Pensions.....	\$ 96,203.51	\$ 73,011.19	\$ 23,192.32	
Stationery and printing.....	48,480.56	50,639.14		\$ 2,158.58
Valuation expenses.....	3,674.66	3,436.72	237.94	
Other expenses.....	124,727.23	97,389.93	27,337.30	
General joint facilities—Dr.....	56,700.78	64,131.78		7,431.00
General joint facilities—Cr.....	1,112.20	1,372.16	259.96	
Total.....	\$ 2,492,003.75	\$ 2,530,553.24		\$ 38,549.49
Transportation for investment—Credit.....				
Total.....	Cr. \$ 195,751.15	Cr. \$ 148,598.97		\$ 47,152.18
Total railway operating expenses.....	\$70,885,895.94	\$67,087,220.39	\$ 3,798,675.55	
Operating Ratio.....	73.74	72.08	1.66	
Net revenue from railway operations.....	\$25,245,898.41	\$25,982,915.75		\$ 737,017.34
Railway tax accruals.....	\$ 8,616,802.38	\$ 9,091,509.02		\$ 444,706.64
Railway operating income.....	\$16,629,096.03	\$16,921,406.73		\$ 292,310.70
RENT INCOME				
Rent from equipment.....	\$ 314,196.11	\$ 298,552.93	\$ 15,643.18	
Joint facility rent income.....	559,471.01	564,014.82		\$ 4,543.81
Total rent income.....	\$ 873,667.12	\$ 862,567.75	\$ 11,099.37	
RENTS PAYABLE				
Rent for equipment.....	\$ 2,541,467.25	\$ 2,796,536.35		\$ 255,069.10
Joint facility rents.....	2,690,844.02	2,580,045.93	\$ 110,798.09	
Total rents payable.....	\$ 5,232,311.27	\$ 5,376,582.28		\$ 144,271.01
Net rents.....	Dr. \$ 4,358,644.15	Dr. \$ 4,514,014.53		\$ 155,370.38
Net railway operating income.....	\$12,270,451.88	\$12,407,392.20		\$ 136,940.32

OTHER INCOME									
Income from lease of road and equipment.....	\$	122,682.56	\$	130,324.30				\$	7,641.74
Miscellaneous rent income.....		508,711.57		526,058.73					17,347.16
Miscellaneous nonoperating physical property.....		128,915.79		156,427.87					27,512.08
Dividend income.....		169,019.59		54,560.00			\$	114,459.59	
Income from funded securities.....		153,763.57		173,927.57					20,164.00
Income from unfunded securities and accounts.....		30,379.67		32,313.61					1,933.94
Release of premiums on funded debt.....		13,717.26		14,844.24					1,126.98
Miscellaneous income.....		7,775.06		7,360.06				415.00	
Total other income.....	\$	1,134,965.07		\$ 1,095,816.38		\$	39,148.69		
Total income.....	\$	13,405,416.95		\$ 13,503,208.58		\$			97,791.63
MISCELLANEOUS DEDUCTIONS FROM INCOME									
Miscellaneous rents.....	\$	24,290.35		\$ 25,975.72					1,685.37
Miscellaneous tax accruals.....		67,842.47		64,277.61		\$	3,564.86		724.52
Miscellaneous income charges.....		6,479.77		7,204.29					
Total miscellaneous deductions.....	\$	98,612.59		\$ 97,457.62		\$	1,154.97		
Income available for fixed charges.....	\$	13,306,804.36		\$ 13,405,750.96		\$			98,946.60
FIXED CHARGES									
Rent for leased roads and equipment.....	\$	85,228.30		\$ 89,734.18					4,505.88
Interest on funded debt.....		9,376,771.02		9,412,657.24					35,886.22
Interest on unfunded debt.....		30,093.13		109,146.98					79,053.85
Amortization of discount on funded debt.....		153,372.56		152,449.69		\$	922.87		
Total fixed charges.....	\$	9,645,465.01		\$ 9,763,988.09		\$			118,523.08
Net income.....	\$	3,661,339.35		\$ 3,641,762.87		\$	19,576.48		
Dividend appropriations of income.....	\$	3,416,774.00		\$ 3,416,774.00					
Income balance transferred to Profit and Loss	\$	244,565.35		\$ 224,988.87		\$	19,576.48		

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

	1939	1938	INCREASE	DECREASE
DEBITS:				
Surplus appropriated for investment in physical property.....	\$ 15,072.31	\$ 4,879.32	\$ 10,192.99	.....
Debits from retired road and equipment.....	1,239,168.43	1,012,894.72	226,273.71	.....
Miscellaneous debits.....	3,630,516.53	21,468.88	3,609,047.65	.....
Credit balance carried to balance sheet.....	138,107,083.88	142,631,907.20	.....	\$ 4,524,823.32
	\$142,991,841.15	\$143,671,150.12	.....	\$ 679,308.97
CREDITS:				
Credit balance at beginning of year.....	\$142,631,907.20	\$143,316,167.34	.....	\$ 684,260.14
Credit balance transferred from income.....	244,565.35	224,988.87	\$ 19,576.48	.....
Credit from retired road and equipment.....	63,095.00	12,542.72	50,552.28	.....
Donations.....	15,072.31	4,879.32	10,192.99	.....
Miscellaneous credits.....	37,201.29	112,571.87	.....	75,370.58
	\$142,991,841.15	\$143,671,150.12	.....	\$ 679,308.97



1939

